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Chief, Fiscal Section

18 November 1946

Assistant Chief - Finance Division

Pre-audit of Contracts and Other Obligation Documents

*Contracts  
General  
CIB*

Considerable attention has been given in the past to the advisability of performing pre-audit functions at the time purchase orders, contracts, and other obligation documents were received in the Fiscal Section. While this has been attempted from time to time, it has been found impracticable due to turnover in personnel and other conditions created by the national emergency.

In view of the fact that we are now commencing what might be subsequently considered as administrative operations applicable to a new activity, it is desired that determined efforts be made to perform a pre-audit function to the extent that all obligation documents where applicable will be given a pre-audit at the time they are received in the Fiscal Section. This pre-audit could be performed insofar as Miscellaneous Claims are concerned under the supervision of the Assistant Chief, Miscellaneous Claims Unit, at the time the pertinent documents are turned over to the head, Fiscal Processing Unit, for filing. The advantages of such a procedure are manifold. However, the primary objectives are: (1) the correction and the elimination of errors prior to the time that they occasion difficulty with vendors and/or create embarrassment to the agency and (2) the hastening of payments to vendors and other Government agencies to the extent that they will receive reimbursement much more promptly and loss of discount may be avoided. In this connection it is to be noted that commercial firms are much more cooperative and desirous of conducting business with a Government agency where credit rating has not been impaired by delayed payments and difficulties occasioned by lack of justifications or misunderstandings after the transaction has been fully completed.

After you have worked out a procedure with the applicable officials of the Fiscal Section, kindly advise the undersigned relative to the action taken.

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